

## **SCHEDULE OF EXCEPTIONS**

Capitalized terms used in the Schedule of Exceptions (the "Schedules"), unless otherwise defined in these Schedules, have the meanings set forth in the Agreement. These Schedules are qualified in their entirety by reference to specific provisions of the Agreement. The section numbers and titles have been inserted on the Schedules for convenience of reference only and shall to no extent have the effect of amending or changing the express description of such Schedules as set forth in the Agreement. Except as otherwise limited herein, all information and disclosures contained herein are made as of the date of the Agreement and their accuracy is confirmed only as of that date and, to the extent then certified by the officer's certificate dated as of such date, as of the Closing Date and not at any time thereafter.

Any statement or disclosure contained in the Confidential Information Memorandum of the Company previously provided to the Purchasers (the "CIM"), shall be deemed to be modified or superseded for purposes of Section 3(w) of the Agreement to the extent that a statement or disclosure contained in these Schedules or in the Agreement modifies or supersedes such statement contained in the CIM.

### **Schedule 2(f)**

On August 9, 2005, ICO Satellite Management LLC entered into a Second Amendment to the Satellite Contract between ICO Satellite Management LLC and Space Systems Loral, Inc. dated 10 January 2005.

The Company will enter into a side letter Agreement with Jefferies regarding its duties as Closing Agent.

### **Schedule 3(a)**

ICO Satellite Management LLC

ICO Global Communications Canada, Inc.

ICO Services Limited.

ICO Satellite Services Limited.

ICO Satellite Services G.P.

The Company owns 96 shares of the Series A Preferred Stock of Constellation Communications Holdings, Inc.

The Company owns 2,555 shares of the Series A Preferred Stock and of ESBH, Inc.

ICO Services Limited is listed as the owner of 18% of the ordinary shares of Uxbridge Business Park Management Limited, a company registered in England and Wales.

### **Schedule 3(b)**

## **SCHEDULE OF EXCEPTIONS**

ICO Services Limited and ICO Satellite Services Limited as owners of 100% of the partnership interests in ICO Satellite Services GP are required to give each other their consent as to the pledge by the other partner of their respective partnership interests.

### **Schedule 3(e)**

The Satellite Contract between ICO Satellite Management LLC and Space Systems Loral, Inc., dated 10 January 2005, requires notice to Space Systems Loral, Inc. prior to granting a security interest and contains certain conditions and obligations relating to the transfer or assignment of the contract, which the Company believes are not triggered by a pledge of the contract; however, if the secured parties under the Notes were to foreclose the secured parties would be required to fulfill such conditions and obligations.

The approval of the FCC will be required following foreclosure of security interests that result in a change of control of an entity which holds any licenses issued by the FCC.

### **Schedule 3(i)**

(i) ICO Services Limited has been and remains engaged in a court-sanctioned reduction of capital of ICO Services Limited. The purpose of the reduction of capital is to eliminate the current deficit in ICO Services Limited's profit and loss account of GBP 7,402,000 and to create distributable profits. This will enable ICO Services Limited to commence the elimination of certain intercompany receivables owed to it by ICO Global Communications (Holdings) Limited and ICO Satellite Limited, which are more fully described below.

The reduction of capital will be effected by the cancellation of (i) the entire preference share capital of ICO Services Limited (divided into 60,000 preference shares of USD 0.01 each, of which 30,000 have been issued and fully paid up); and (ii) the share premium account of ICO Services Limited (the amount currently standing to the credit of this account being GBP 24,055,000). According to the current court timetable, the reduction of capital shall be effective on 14 September 2005.

ICO Services Limited has an intercompany receivable from ICO Global Communications (Holdings) Limited in the amount of approximately GBP 10 million (the "Global Holdings Receivable"). ICO Services Limited also has a small intercompany receivable from ICO Satellite Limited in the amount of USD 50,001 which is owed pursuant to the terms of a Purchase Agreement between ICO Services Limited and ICO Satellite Limited, dated as of June 30, 2005, regarding the sale and transfer of MEO communications licence and related equipment and contracts. Provided that U.K. regulatory approval is obtained to the transfer of the MEO communications licence under that Purchase Agreement this intercompany receivable will increase by USD 10 million (the 'Satellite Receivable').

Following completion of the reduction of capital, it is proposed to eliminate the Global Holdings Receivable and the Satellite Receivable as follows.

## **SCHEDULE OF EXCEPTIONS**

First, ICO Services Limited will make a distribution in specie (i.e. a dividend) to the Company of the benefit of the Global Holdings Receivable and the Satellite Receivable. To be able to do this as a matter of English law, ICO Services Limited needs sufficient distributable profits, hence the need to carry out the reduction of capital first.

Secondly, the Company will make a distribution in specie to its parent ICO Global Communications (Holdings) Limited of the benefit of the Global Holdings Receivable and the Satellite Receivable. This will extinguish the Global Holdings Receivable (it being payable by and receivable to the same entity, ICO Global Communications (Holdings) Limited).

Thirdly, ICO Global Communications (Holdings) Limited will make a capital contribution to its subsidiary ICO Satellite Limited of the Satellite Receivable. This will extinguish the Satellite Receivable (it being payable by and receivable to the same entity, ICO Satellite Limited).

### **Schedule 3(l)**

Debt Release Agreement, between the Company and ICO Global Communications (Holdings) Limited dated as of June 30, 2005.

Contribution Agreement, between the Company and ICO Global Communications (Holdings) Limited, dated as of June 30, 2005. (Contribution of ICO Global Communications Canada, Inc.)

Contribution Agreement between the Company and ICO Global Communications (Holdings) Limited, dated as of June 30, 2005. (Contribution of ICO Services Limited).

Contribution Agreement between the Company and ICO Global Communications (Holdings) Limited, dated as of June 30, 2005. (Contribution of ICO Satellite Services Limited).

Purchase Agreement between ICO Services Limited and ICO Satellite Limited, dated as of June 30, 2005. (Sale and transfer of MEO Satellite License and related equipment and contracts). The closings under this agreement related to the sale and transfer of the equipment and contracts are completed. The transfer of the MEO Satellite License to ICO Satellite Limited will close upon receipt of regulatory approvals in the United Kingdom.

License Agreement between ICO Services Limited and ICO Global Communications (Holdings) Limited, dated August 3, 2005.

The Company has incurred an account receivable in favor of the Parent for general operating expenses incurred by the Company since June 30, 2005 in the amount of approximately \$440,000 as of August 15, 2005.

Contribution Agreement between the Company and ICO Global Communications (Holdings) Limited, dated as of August 11, 2005. (Contribution of 96 shares of the Series A Preferred Stock of Constellation Communications Holdings, Inc. ("CCHI") and 2,555 shares of the Series A Preferred Stock and of ESBH, Inc. ("ESBH")).

## SCHEDULE OF EXCEPTIONS

The Parent has the right to acquire 100 shares of the Common Stock of CCHI, and the right to acquire 2,658 shares of the Common Stock of ESBH, pursuant to stock purchase agreements between the Parent and each of CCHI and ESBH. It is uncertain when, or if, the final closing under the stock purchase agreements between the Parent and each of CCHI and ESBH may occur. The Parent, at its option, and the Company may enter into an agreement following the Closing to provide for the transfer and sale of the Common Stock of each of CCHI and ESBH from the Parent to the Company on mutually agreeable terms and conditions to be negotiated in the future.

ICO Global Communications Canada, Inc., may enter into an agreement with ICO Global Communications (Holdings) Limited for the purpose of granting ICO Global Communications (Holdings) Limited the right to use the spectrum license held by ICO Global Communications Canada, Inc.

ICO Services Limited has been and remains engaged in a court-sanctioned reduction of capital of ICO Services Limited. The purpose of the reduction of capital is to eliminate the current deficit in ICO Services Limited's profit and loss account of GBP 7,402,000 and to create distributable profits. This will enable ICO Services Limited to commence the elimination of certain intercompany receivables owed to it by ICO Global Communications (Holdings) Limited and ICO Satellite Limited, which are more fully described below.

The reduction of capital will be effected by the cancellation of (i) the entire preference share capital of ICO Services Limited (divided into 60,000 preference shares of USD 0.01 each, of which 30,000 have been issued and fully paid up); and (ii) the share premium account of ICO Services Limited (the amount currently standing to the credit of this account being GBP 24,055,000). According to the current court timetable, the reduction of capital shall be effective on 14 September 2005.

ICO Services Limited has an intercompany receivable from ICO Global Communications (Holdings) Limited in the amount of approximately GBP 10 million (the "Global Holdings Receivable"). ICO Services Limited also has a small intercompany receivable from ICO Satellite Limited in the amount of USD 50,001 which is owed pursuant to the terms of a Purchase Agreement between ICO Services Limited and ICO Satellite Limited, dated as of June 30, 2005, regarding the sale and transfer of MEO communications licence and related equipment and contracts. Provided that U.K. regulatory approval is obtained to the transfer of the MEO communications licence under that Purchase Agreement this intercompany receivable will increase by USD 10 million (the 'Satellite Receivable').

Following completion of the reduction of capital, it is proposed to eliminate the Global Holdings Receivable and the Satellite Receivable as follows.

First, ICO Services Limited will make a distribution in specie (i.e. a dividend) to the Company of the benefit of the Global Holdings Receivable and the Satellite Receivable. To be able to do this as a matter of English law, ICO Services Limited needs sufficient distributable profits, hence the need to carry out the reduction of capital first.

## **SCHEDULE OF EXCEPTIONS**

Secondly, the Company will make a distribution in specie to its parent ICO Global Communications (Holdings) Limited of the benefit of the Global Holdings Receivable and the Satellite Receivable. This will extinguish the Global Holdings Receivable (it being payable by and receivable to the same entity, ICO Global Communications (Holdings) Limited).

Thirdly, ICO Global Communications (Holdings) Limited will make a capital contribution to its subsidiary ICO Satellite Limited of the Satellite Receivable. This will extinguish the Satellite Receivable (it being payable by and receivable to the same entity, ICO Satellite Limited).

### **Schedule 3(n)**

The Company's parent entity, ICO Global Communications (Holdings) Limited (the "Parent"), is the subject of an audit being conducted by the Internal Revenue Service in regards to the 2003 tax year. In the 2003 tax year, the Parent realized a taxable gain on the disposition of certain securities in excess of \$300,000,000. This gain was offset by losses incurred on the abandonment of the Parent's satellite network. The audit is reviewing whether all items of gain and loss claimed in the Parent's 2003 tax year were proper. If the audit of the Parent results in the disallowance of any deductions, the Company could potentially be jointly and severally liable with the Parent for all of the Parent's federal income tax liabilities.

ICO Global Communications (Operations) Limited ("ICO Operations"), a wholly owned subsidiary of the Parent, is engaged in litigation with Boeing Satellite Systems International, Inc. and the Boeing Company arising out of agreements for the development and launch of its satellites. ICO Operations has asserted counterclaims that it believes are meritorious in this litigation. If this litigation is determined adversely it could negatively affect the financial condition of ICO Operations and the Parent, although the Company does not believe it would be materially affected by an adverse determination against ICO Operations.

ICO Services Limited is the subject of an audit by United Kingdom taxing authorities for the tax year 2002.

### **Schedule 3(q)**

The following charges appear on the register of charges for ICO Services Limited: (1) the Charge of Deposit in favour of The Royal Bank of Scotland plc dated 25 September 2000 and registered on 13 October 2000; (2) the Deposit Deed in favour of Slough Trading Estate Limited dated 26 June 2001 and registered on 4 July 2001; (3) the Charge of Deposit in favour of The Royal Bank of Scotland plc dated 12 May 2003 and registered on 16 May 2003; and (4) the Composite Debenture in favour of Eagle River Investments LLC dated 30 June 2003 and registered on 18 July 2003. These recorded charges remain of record in the United Kingdom and are in the process of being removed as the obligations that the recorded charges secured have been fully repaid.

The following charges appear on the register of charges for ICO Satellite Services Limited: (1) the Composite Debenture in favour of Eagle River Investments LLC dated 30 June 2003 and registered on 18 July 2003. These recorded charges remain of record in the United Kingdom and

## **SCHEDULE OF EXCEPTIONS**

are in the process of being removed as the obligations that the recorded charge secured have been fully repaid.

The share certificate for ICO Global Communications Canada, Inc. is currently registered in the name of ICO Global Communications (Holdings) Limited and is in the process of being reissued in the name of the Company.

The share certificate for ICO Services Limited is in the process of being reissued in the name of the Company, but has not yet been received.

The share certificate for ICO Satellite Services Limited is in the process of being reissued in the name of the Company, but has not yet been received.

The share certificate for Constellation Communications Holdings, Inc. is currently registered in the name of ICO Global Communications (Holdings) Limited.

The share certificate for ESBH, Inc. is currently registered in the name of ICO Global Communications (Holdings) Limited.

### **Schedule 3(r)**

The Company has an unwritten license to use the ICO name and the associated ICO corporate logo and trademark, United States trademark "ICO" serial No. 75072715, registered to ICO Global Communications (Holdings) Limited.

### **Schedule 3(t)**

The Company's parent entity, ICO Global Communications (Holdings) Limited (the "Parent"), is the subject of an audit being conducted by the Internal Revenue Service in regards to the 2003 tax year. In the 2003 tax year, the Parent realized a taxable gain on the disposition of certain securities in excess of \$300,000,000. This gain was offset by losses incurred on the abandonment of the Parent's satellite network. The audit is reviewing whether all items of gain and loss claimed in the Parent's 2003 tax year were proper. If the audit of the Parent results in the disallowance of any deductions, the Company could potentially be jointly and severally liable with the Parent for all of the Parent's federal income tax liabilities.

ICO Services Limited is the subject of an audit by United Kingdom taxing authorities for the tax year 2002.

### **Schedule 6(d)**

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### **Schedule 6(j)**

- (i) The Company has incurred fees and expenses payable to its legal counsel, accountants,

## **SCHEDULE OF EXCEPTIONS**

placement agents and advisors related to ongoing general matters and in connection with the transactions contemplated by this Agreement. The Company has also incurred fees and expenses payable to the Trustee and legal counsel to the Trustee. The Company will pay to its placement agents 4% of the first \$350 million and 5% of the amount raised in excess of \$350 million raised by the Company in this transaction, subject to certain adjustments.

(iv) ICO Services Limited has been and remains engaged in a court-sanctioned reduction of capital of ICO Services Limited. The purpose of the reduction of capital is to eliminate the current deficit in ICO Services Limited's profit and loss account of GBP 7,402,000 and to create distributable profits. This will enable ICO Services Limited to commence the elimination of certain intercompany receivables owed to it by ICO Global Communications (Holdings) Limited and ICO Satellite Limited, which are more fully described below.

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ICO Services Limited has an intercompany receivable from ICO Global Communications (Holdings) Limited in the amount of approximately GBP 10 million (the "Global Holdings Receivable"). ICO Services Limited also has a small intercompany receivable from ICO Satellite Limited in the amount of USD 50,001 which is owed pursuant to the terms of a Purchase Agreement between ICO Services Limited and ICO Satellite Limited, dated as of June 30, 2005, regarding the sale and transfer of MEO communications licence and related equipment and contracts. Provided that U.K. regulatory approval is obtained to the transfer of the MEO communications licence under that Purchase Agreement this intercompany receivable will increase by USD 10 million (the "Satellite Receivable").

Following completion of the reduction of capital, it is proposed to eliminate the Global Holdings Receivable and the Satellite Receivable as follows.

First, ICO Services Limited will make a distribution in specie (i.e. a dividend) to the Company of the benefit of the Global Holdings Receivable and the Satellite Receivable. To be able to do this as a matter of English law, ICO Services Limited needs sufficient distributable profits, hence the need to carry out the reduction of capital first.

Secondly, the Company will make a distribution in specie to its parent ICO Global Communications (Holdings) Limited of the benefit of the Global Holdings Receivable and the Satellite Receivable. This will extinguish the Global Holdings Receivable (it being payable by and receivable to the same entity, ICO Global Communications (Holdings) Limited).

Thirdly, ICO Global Communications (Holdings) Limited will make a capital contribution to its subsidiary ICO Satellite Limited of the Satellite Receivable. This will extinguish the Satellite Receivable (it being payable by and receivable to the same entity, ICO Satellite Limited).